



## MARYLAND DEPARTMENT OF AGRICULTURE

### LEGISLATIVE COMMENT

**DATE:**           **BILL NO.: H.B. 130**

**SUBJECT:**           Maryland Wine and Grape Promotion Fund

**COMITTEE:**        Environment and Transportation

**MDA POSITION:**    Support

#### **EXPLANATION:**

The bill repeals the definition of the Maryland Wine and Grape Promotion Council and the Council. It requires the Governor's Advisory Commission on Maryland Wine and Grape Growing to advise and recommend to the Secretary of Agriculture for approval the allocation of specified funds for specified projects in the Maryland Wine and Grape Promotion Fund.

#### **COMMENT:**

The bill creates a more efficient review and approval process for applications submitted to the Maryland Wine & Grape Promotion Fund. In 2005, the Governor's Advisory Commission on Maryland Wine and Grape Growing was authorized (Senate Bill 565) along with the Maryland Wine and Grape Promotion Council and Maryland Wine and Grape Promotion Fund (Senate Bill 566). See below for explanation between the Commission, Council and Fund.

#### *Governor's Advisory Commission on Maryland Wine and Grape Growing*

The Governor's Advisory Commission on Maryland Wine and Grape Growing was established pursuant to § 10-1201 and 10-1203 through 10-1206 of the Agriculture Article. The Commission is responsible for advising to the Council the allocation of expenditures from the Fund. Ten members constitute the Governor's Advisory Commission on Maryland Wine and Grape Growing. Four members are appointed to three-year terms by the Governor. One member is named by the Senate President and one by the House Speaker.

#### *Maryland Wine and Grape Promotion Council*

The Maryland Wine and Grape Promotion Council was established pursuant to § 2-1103 of the Agriculture Article. The Council is comprised of the Secretaries of Agriculture, Commerce, and Budget and Management or Secretary's designees. The Council is responsible for making recommendations to the Board of Public Works.

### Maryland Wine and Grape Promotion Fund

The Maryland Wine and Grape Promotion Fund was established pursuant to § 2-1102 Agriculture Article. The purpose of the Fund is to provide grants to nongovernmental organizations and to conduct other activities for the purpose of promoting: 1) the production and consumption of Maryland wine in the State; and 2) the production of grapes in the State. It is a special nonlapsing fund that is not subject to § 7-302 of the State Finance and Procurement Article. Maryland Department of Agriculture is allowed no more than 2% of the proceeds into the Fund for incurred administration expenses.

### **Maryland Wine and Grape Promotion Fund**

General funds were appropriated for the Maryland Wine and Grape Promotion Fund in FY '06 and FY '07 for \$100,000, FY 2008 for \$150,000 and FY 2009 for \$150,000. The Board of Public Works eliminated the \$150,000 from the FY 2009 budget on October 15, 2008 due to the State's budget shortfall.

The Maryland Wine and Grape Promotion Fund was created with two types of funding mechanisms: 1) direct allocations in the supplemental budget; and 2) a self-funding mechanism.

The passage of 2015 HB 827 created the Fund's self-funding mechanism. The statute altered the distribution of alcoholic beverages tax revenue so that the revenue generated from the tax on wine produced at Class 4 wineries licensed in the State must be distributed to the Maryland Wine and Grape Promotion Fund ( § 5-105(E) Tax - General Article).

The Maryland Department of Agriculture has received quarterly installments since December 2015 from the Comptroller's Office for the Fund; there's \$114,384.23 in the Wine and Grape Promotion Fund to date. The Commission allocated \$85,000 FY'16 for grants from the Wine and Grape Promotion Fund. The current funds in the Maryland Wine and Grape Fund are Special Funds. The amount to the Fund will vary from quarter to quarter based on wine sales from Class 4 wineries. It's projected that the Fund will receive up to \$160,000 annually.